

# WASHOE COUNTY DEFERRED COMPENSATION COMMITTEE

## MEETING MINUTES

Wednesday, February 13, 2019

### Committee Members Present

Darrell Craig, Chairman  
Cathy Hill, Secretary Treasurer  
Kendra Materasso, Second Judicial District Court  
Russ Morgan, Comptroller (Comptroller alternate)  
Scottie Wallace, WCEA

### Also Present

Ashley Berrington, Human Resources  
Mike Fleiner, AndCo  
Kristie Harmon, Human Resources  
Stephan Hollandsworth, Legal Counsel  
Vicki Scott, Human Resources

### Committee Members Absent

Scott Thomas, Vice-Chairman

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#### 1. Call to order and roll call

Meeting was called to order at 2:00 p.m. and a quorum was confirmed.

#### 2. Public comment

None

3. Approve November 15, 2018 meeting minutes. Chairman Craig called for a motion to approve the minutes as written. Member Wallace moved, Member Materasso seconded; motion passed unanimously.

#### 4. Treasurer's report reviewing the Deferred Compensation Administrative Fund.

Member Hill reviewed the Treasurer's Report as of January 31, 2019 stating the fund is on track; however, if the fund balance continues to grow, Member Hill will request the Committee to review.

5. Discussion and possible action regarding transitioning recordkeeping and administration for the County's deferred compensation plans to Voya Financial, the service provider selected by the Committee to replace MassMutual at the Committee's November 15, 2018 meeting, to include discussion of the Retirement Services Agreement, selection of pricing structure, selection of replacement of the current Guaranteed Interest Account, and optional plan changes.

Ms. Berrington asked the Committee to review and consider a plan document revision that would allow 401(a) participants to purchase PERS Service Credits while actively employed. Currently, 401 (a) participants are unable to purchase PERS Service Credits until after they have severed employment with Washoe County. The Committee asked Ms. Berrington to verify with Voya's compliance staff if there is a regulation that prohibits allowing participants to purchase PERS Service Credits during active employment.

Member Wallace moved to allow a 401(a) Plan Document revision that would allow participants in the 401 (a) Plan to purchase PERS Services Credit during the time of their active employment. Approval of the change would be contingent upon Voya's compliance review of regulations that may prohibit such change. Member Hill seconded the motion; motion passed unanimously.

Mr. Fleiner referred the Committee to the Best and Final Offer by Voya that outlines three pricing options:

- 1) Non-Proprietary option utilizes an outside stable value and general account
- 2) Propriety option assumes the use of Voya's Stabilizer as the stability of principal option (full liquidity at the end of the five-year contract term).
- 3) Proprietary option assumes the use of Voya's Stabilizer as the stability of principal option (liquidity of the assets is based upon either a 5-year spread payment of the assets or a market value adjustment).

Mr. Fleiner recommended option three with the market value adjustment and a three-basis point fee for recordkeeping.

Mr. Morgan made a motion on behalf of Member Hill to adopt option three as the fee structure with three-basis point fee for recordkeeping and administration. To utilize the Voya Fixed Account for the stable value option and utilize a Market Value Adjustment recoupment rate to be determined at the time of the Market Value Adjustment determination. The recoupment fee would be applied over 36 – 60 months against the returns of the general account. Member Wallace seconded; motion passed unanimously.

6. Review, discussion, and possible action regarding the current Washoe County retiree vacancy on the Committee to include discussion of interested candidates and appointment of the individual selected to fill the retiree vacancy.  
Chairman Craig referred the Committee to the letter of interest submitted by Lisa Gianoli to fill the current retiree vacancy on the Committee.

Member Wallace moved to appoint Lisa Gianoli to fill the vacant retiree position on the Washoe County Deferred Compensation Committee for a two-year term effective May of 2019. Member Materasso seconded the motion; motion passed unanimously.

7. Review, discussion and possible action on the Washoe County Deferred Compensation Program Investment Policy. (Mike Fleiner)  
Mr. Fleiner referred the Committee to the Investment Policy. Mr. Fleiner is not recommending any changes to the policy at this time.

Chairman Craig asked the Committee to review the Investment Policy and be prepared to discuss at the next committee meeting.

8. Review, discussion, and possible action on the current administrative-fee rate and structure, to include discussion of asset-based or hard-dollar fee options. (Mike Fleiner)  
The Committee will revisit the administrative-fee rate and structure topic at the November 2019 Deferred Compensation Committee meeting. The transition to Voya will be complete at that time and possible changes to the fee structure can be implemented in January of 2020.

9. Discussion and possible action regarding recent security breach of participants' deferred compensation account, including information and background on the breach and discussion of MassMutual's process, procedures, and participant communications in response to the security breach. (Bob Gleason)  
In Mr. Gleason's absence, Ms. Berrington provided the Committee an update on the security breach that started in November of 2018. Individuals fraudulently created online accounts for participants and requested loans. A total of 41 accounts were created and 17 loans were requested in the amount of \$92,251.00. One check in the amount of \$4,980.00 was cashed. All of the impacted participant accounts were made whole. The original source of the breach has not been determined at this time.

10. Quarterly review of MassMutual's account service objectives. (Bob Gleason)  
In Mr. Gleason's absence, Chairman Craig provided a brief review of the Fourth Quarter 2018 Summary Sheet and the Loan Program Comparison Report as of December 1, 2018.

11. Report and presentation regarding fund performance update for the most recent quarter, and possible recommendation, discussion, and action to change investment fund lineup. (Mike Fleiner)  
Mr. Fleiner reviewed the Investment Performance Review report for period ending December 31, 2018.

12. Comments by Committee or staff members (this item is limited to announcements or topics/issues proposed for future workshops/agendas).  
Member Hill expressed interest in attending the next NAGDCA Conference. Chairman Craig explained that past practice has allowed interested committee members and one staff person to attend the conference.

13. Public comment. No action will be taken upon a matter raised under this portion of the agenda until the matter itself has been specifically included on an agenda as an item upon which action may be taken. The Committee may ask that a matter be listed on a future agenda during the Public comment periods or during the following item: "Comments by the Committee or staff members." Comments shall be limited to two minutes in duration. Persons may not allocate unused time to other speakers.

None

14. Adjournment  
Meeting adjourned 3:33 p.m.  
Next meeting: Wednesday, May 8, 2019, 2:00 p.m.